08/05

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MANAGEMENT AGREEMENT

SECTIONAL TITLE (standard)

MEMORANDUM OF AGREEMENT MADE AND ENTERED INTO BY AND BETWEEN:

ROYAL MAITLAND 11
(hereinafter referred to as the ***Body Corporate*** and herein represented by:
M. Vos, N. Rushin, J. Snyman
((in their capacity as Trustees/ Board of Directors and being duly authorized hereto);
and

MILWARD AND KING PROPERTY BROKERS C.C.
(hereinafter referred to as the ***Managing Agent***) represented by:

Mr S Mc Guinness (being duly authorized hereto).

WHEREAS: The ***Body Corporate*** has been established in terms of the Companies Act and/or Sectional Titles Act, No 95/1986 as amended ***(the Act)*** and the Board of Directors/ Trustees have been elected in terms of ***the Act*** and the Management and Conduct Rules registered in terms of Section 35 of ***the Act***; The Trustees are obliged to perform certain functions in terms of ***the Act*** and the Rules; The Trustees desire the ***Managing Agent*** to perform certain of these functions and duties on their behalf:

THE PARTIES AGREE AS FOLLOWS:

1. APPOINTMENT

The ***Managing Agent*** is hereby appointed to administer the Sectional Title complex known as........................ ....Royal Maitland II.. and the ***Managing Agent*** hereby accepts the appointment, to act as ***Managing Agent*** of the ***Body Corporate*** on the terms and conditions set forth below.

2. THE DUTIES OF THE MANAGING AGENT

The duties of the ***Managing Agent*** shall be as specified in Annexure A.

3. REMUNERATION

3.1 The Body Corporate shall pay the ***Managing Agent*** a fee of **R 4500-00 excluding V.A.T** per month, and thereafter as negotiated between the ***Body Corporate*** and the ***Managing Agent.***
Such fee is deductable by the ***Managing Agent*** on a monthly basis from the levies payable by owners.

3.2 All services rendered by the ***Managing Agent*** on behalf of the ***Body Corporate*** or on instruction of the Trustees, which are not specifically mentioned in Annexure A, attached to this contract, will be charged separately and are not included in the Management Fee as set out in paragraph 3.1 above. Services and expenses specifically excluded from the Management Fee are set out in Annexure B, attached to this contract.

4. THE POWER OF THE MANAGING AGENT

4.1 The *Managing Agent* shall have any specific powers of the Trustees as set forth in the *Act* and the Rules, which may be executed only on written request of the Board of Trustees, except for those powers specifically covered elsewhere in this agreement. Without derogating from the generality of the foregoing, the *Managing Agent's* powers shall include the power to:

- 4.1.1 issue notices in terms of the Rules if requested in writing by the *Body Corporate*;
- 4.1.2 dependent on the prior written consent from the Board of Trustees or the *Body Corporate*, exercise all powers that are necessary to control, manage, administer, maintain and repair the common property;
- 4.1.3 administer and operate the banking and other accounts of the *Body Corporate*;
- 4.1.4 acquire professional advice, based on written request by the Board
- 4.1.5 subject to the prior written consent of the *Body Corporate* delegate any of its powers and duties;
- 4.1.6 generally act on behalf of the *Body Corporate* or the Trustees in any way that may be reasonably required for the performance of its duties and powers.

4.2 The *Managing Agent* will establish the necessary administrative procedures in its discretion to give effect to the stipulations of the **Act** and the Rules.

5. COMMENCEMENT OF THIS AGREEMENT

This agreement shall be effective from 1 April 2006

6. TERMINATION OF THIS AGREEMENT

6.1 This agreement will be effective for **ONE YEAR**, commencing on the effective date and, unless cancelled in writing by one of the parties not less than two months before the renewal date, the appointment will be renewed automatically on an annual basis.

6.2 Should the parties hereto wish to terminate this agreement then the provisions of the Rules adopted in terms of the **Act** shall be complied with.

6.3 In terms of this agreement it is agreed that the *Managing Agents* contract may only be terminated at a general meeting of all the owners of the Body Corporate.

6.4 This contract is subject to the provisions of Rules 46(2) (a)-(d) and 47 of the Management Rules adopted in terms of the *Act* (Annexure 8) and can only be terminated under the circumstances as set out in these Rules, should the *Managing Agent* remain in breach for more than 30 days after having received written notification of it being in breach of a specific provision(s) of this contract.

7. GENERAL

7.1 The *Managing Agent* shall keep full records of its administration and shall report to the *Body Corporate* and all holders of mortgage bonds all matters which will detrimentally affect the value or amenity of the common property and any of the sections.

7.2 The Board of Trustees shall give reasonable prior notice to the *Managing Agent* of all meetings of the Board of Trustees and of the *Body Corporate* and the *Managing Agent* shall be entitled to attend said meetings. The Board of Trustees shall in any event from time to time furnish the *Managing Agent* with copies of the minutes of all meetings of the Board of Trustees and of the *Body Corporate*, in compliance with rule 49 of the Management Rules adopted in terms of the *Act*.

7.3 Notwithstanding anything to the contrary contained herein, the *Managing Agent* shall be entitled to renegotiate the fees and charges with the Board of Trustees, at the time that the Annual Estimate of Expenditure is considered by the Board of Trustees. Such revised fees and charges as agreed upon with the Board of Trustees shall then be applicable from the 1st (FIRST) day of the month in which the annual estimate of expenditure becomes applicable.

7.4 The *Managing Agent* confirms that it has acquainted itself with the provisions of the Rules adopted by the *Body Corporate* and holds itself bound thereto and to such further amended or other Rules as the *Body Corporate* may adopt from time to time, provided such rules or amendments are not in contradiction with the terms and conditions of this agreement.

8. **AGENT FOR THE BODY CORPORATE**

It is recorded that the ***Managing Agent*** acts as agent for the ***Body Corporate*** and not as principal, and accordingly any expenses lawfully incurred by the ***Managing Agent*** pursuant to this agreement are incurred by the ***Managing Agent*** on behalf of the ***Body Corporate.*** The ***Body Corporate*** authorizes the ***Managing Agent*** to display signage (conforming to Municipal by-laws) at the entrance Gates; front fencing and/or reception areas, indicating to owners and visitors the ***Managing Agent's*** contact details.

9. **GENERAL**

The ***Managing Agent*** is hereby indemnified and held harmless by the ***Body Corporate*** against all costs, losses and expenses and claims which may incur or become liable for by reason by any act done by it in the discharge in its duties contained herein, unless such costs, losses, expenses or claims are causes by the gross negligence, wilful default or fraudulent act of the ***Managing Agent.***

THUS DONE AND SIGNED AT BELLVILLE **ON THIS** 07 **DAY OF** NOVEMBER **2006**

AS WITNESSES

1. ____________________

2. ____________________

AS TRUSTEES

1. F.J. SNYMAN 07/11/06

2. N.A. Rushin 07 Nov 06

3. M. Yos. - Chairperson

THUS DONE AND SIGNED AT Wynberg **ON THIS** 22 **DAY OF** November **2006**

AS WITNESSES

1. ____________________

2. ____________________

AS MANAGING AGENT

1. ____________________

DETAILED SCHEDULE OF STANDARD SERVICES PROVIDED **ANNEXURE A**

The duties of the *Managing Agent* will be as follows:

1. The ***Managing Agent*** will assist the Board of Trustees in the determination of replacement values of improvements for insurance purposes and arrange for valuations when instructed.

2. The ***Managing Agent*** will arrange for the insurance of buildings and improvements and any other insurance that the ***Body Corporate*** may require.

3. The ***Managing Agent*** will handle insurance claims on behalf of the ***Body Corporate*** with regard to the common property, when appointed.

4. The ***Managing Agent*** will negotiate on behalf of the Board of Trustees, but only if instructed in writing thereto, with:

   4.1 professional persons, firms or other organizations, for the drawing up of specifications for work to be done on the common property, excluding improvements and,

   4.2 outside contractors to do work or render services, excluding work on capital improvements.

5. The ***Managing Agent*** will collect and receive levies and other income due to the ***Body Corporate*** as advised by the Trustees.

6. The ***Managing Agent*** will exercise reasonable credit control in respect of all amounts payable or owing by members and other persons. Attend to the collection of arrear levies.

7. The ***Managing Agent*** will be responsible for the administration involved in the payment of salaries, wages, PAYE, Unemployment Insurance Fund and Workmen's Compensation and any other applicable taxation in respect of staff for which the ***Body Corporate*** is legally responsible. Where applicable the ***Managing Agent*** will advise the ***Body Corporate*** in respect of the utilization of labour specialists.

8. The ***Managing Agent*** will confirm and effect payment from available funds of all accounts payable by the ***Body Corporate.***

9. The ***Managing Agent*** will assist and advise the ***Body Corporate*** on the maintenance of the common property and any plant, machinery, facilities, fixtures and fittings and equipment used in connection with the common property.

10. The ***Managing Agent*** will arrange for repairs and maintenance of the property, on behalf of and for the account of the ***Body Corporate***, in a manner agreed upon by the Trustees; but only if instructed in writing by the Trustees or the ***Body Corporate.***

11. The ***Managing Agent*** will assist the ***Body Corporate*** on compliance with any law relating to immovable property and any plant, machinery, facilities, fixtures and fittings and equipment used in connection with the common property.

12. The ***Managing Agent*** will assist and advise the Board of Trustees regarding the enforcement of the Rules adopted by the ***Body Corporate***, on specific instructions from the ***Body Corporate.*** The ***Managing Agent*** will make available to any person entitled thereto the rules, financial statements, clearance certificates and any other documentation or information which the ***Body Corporate*** is obliged to make available. The person or institution requesting such documentation will be liable for the cost payable to the ***Managing Agent.***

13. The ***Managing Agent*** will arrange and attend the Annual General Meeting of the ***Body Corporate.*** The ***Managing Agent*** will attend Trustee meetings ending by not later than 20h00.

14. The ***Managing Agent*** will prepare the annual budget of the ***Body Corporate*** and present it to the Trustees for their approval.

15. The ***Managing Agent*** will make available to the auditors of the ***Body Corporate*** all documentation and information necessary for them to perform the annual audit.

16. The ***Managing Agent*** will record and keep books of the ***Body Corporate*** in compliance with the provisions of the Sectional Title ***Act*** (95/1986).

17. The ***Managing Agent*** will operate a trust account in terms of Section 32 of the Estate Agents Act, and savings account and investments as requested, on behalf of the ***Body Corporate.***

18. The ***Managing Agent*** will submit to the Board of Trustees a monthly report of all income and expenditure and on specific request, copies of all accounts paid, and also the credit/debit balance on hand in any savings or investment account.

19. The ***Managing Agent*** will keep and store the financial and administrative records of the ***Body Corporate*** in compliance with the provisions of the Sectional Title ***Act*** (95/1986).

20. The ***Managing Agent*** will attend quarterly trustee meetings.

DETAILED SCHEDULE OF STANDARD SERVICES EXCLUDED **ANNEXURE B**

1. The following services are specifically *excluded* from this contract. The costs for rendering these services will be over and above the administration fee, for the account of the ***Body Corporate:***

    1.1 Attending and taking the minutes of meetings over and above those agreed to in Annexure A - *R250-00 per hour or part thereof.*

    1.2 Where meetings exceed 1½ hours in duration and - *R250-00 per hour or part thereof.*

    1.3 Attendance of Trustees meetings held after 20h00 hours - *R250-00 per hour or part thereof.*

    1.4 Attendance of any Special General Meeting of the Body Corporate - *R250-00 per hour or part thereof.*

    1.5 Photocopies, faxes, printing, stationery and postage and any other general expenses required in the administration in the Body Corporate - *at market related prices.*

    1.6 Electricity and Water readings/ calculations - *R20-00 per unit.*

    1.7 Attending to Unemployment Insurance Fund and Workman's Compensation Claims - *R150-00 per hour.*

    1.8 Supervision - *by negotiation.*

    1.9 Completion and Submission of all Tax Returns - *R150-00 per return.*

    1.10 Recruitment and dismissal of staff - *R 250-00 per hour*

    1.11 Attendances at meetings with attorneys, etc- *R250-00 per hour.*

    1.12 Setting up of a new scheme - *by negotiation.*

    The costs for rendering of the following services will be for the account of the *Individual Section Owner.*

    1.13 Preparation of a levy clearance certificate in terms of Section 15B (3) of the Sectional Titles Act – *R350-00*

    1.14 Preparation and the issuing of Sectional Title Plans - *R30-00*

    1.15 Preparation and the issuing of Sectional Title Rules - *R30-00*

    1.16 Drafting of letters and correspondence in respect of individual Sections not specific to the Body Corporate common property – *R150-00.*

    1.17 Preparation and the issuing of Financials – *R30-00.*

    1.18 Administration costs and preparation of documents for attorneys to issue a summons where necessary – *R150-00*

    1.19 R/D & P/D Cheques or returned Debit Orders - *will be charged as per the bank rate.*

    1.20 Arrear levy correspondence – *R 50-00*

[NOTE: Complete details of expenses in this regard will be kept by the ***Managing Agent*** and will appear as separate items on the monthly financial statement.]

All prices quoted exclude Value Added Tax. The Managing Agents reserve the right to increase these charges from time to time.
